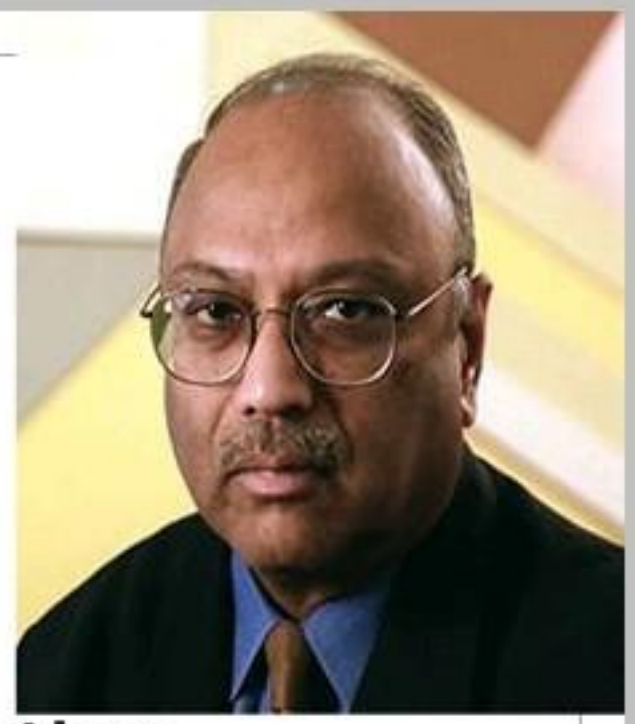
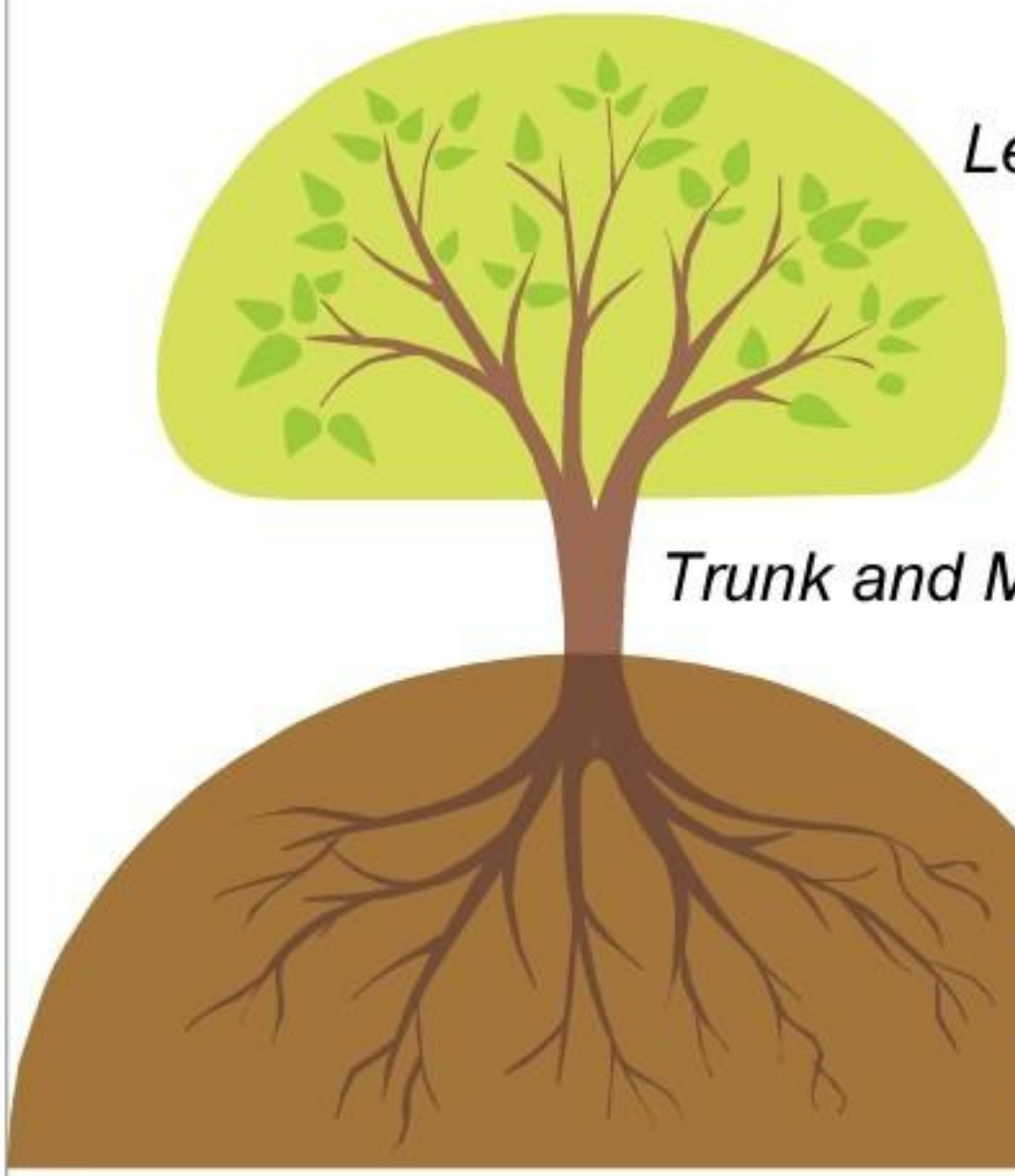
Core Competentcy Approach



- The collective learning in the organization
  - ..especially how to coordinate diverse production skills
    and integrate multiples streams of technologies (pg. 82)

- Concept in Management Theory
  - originally advocated by C.K. Prahalad, and Gary Hamel, 1990

Think of a diversified corporation as a large tree ……..



Leaves, Flowers and Fruit = End Products

Trunk and Major Limbs = Core Products

Root System = Core Competency provides nourishment, sustenance and stability

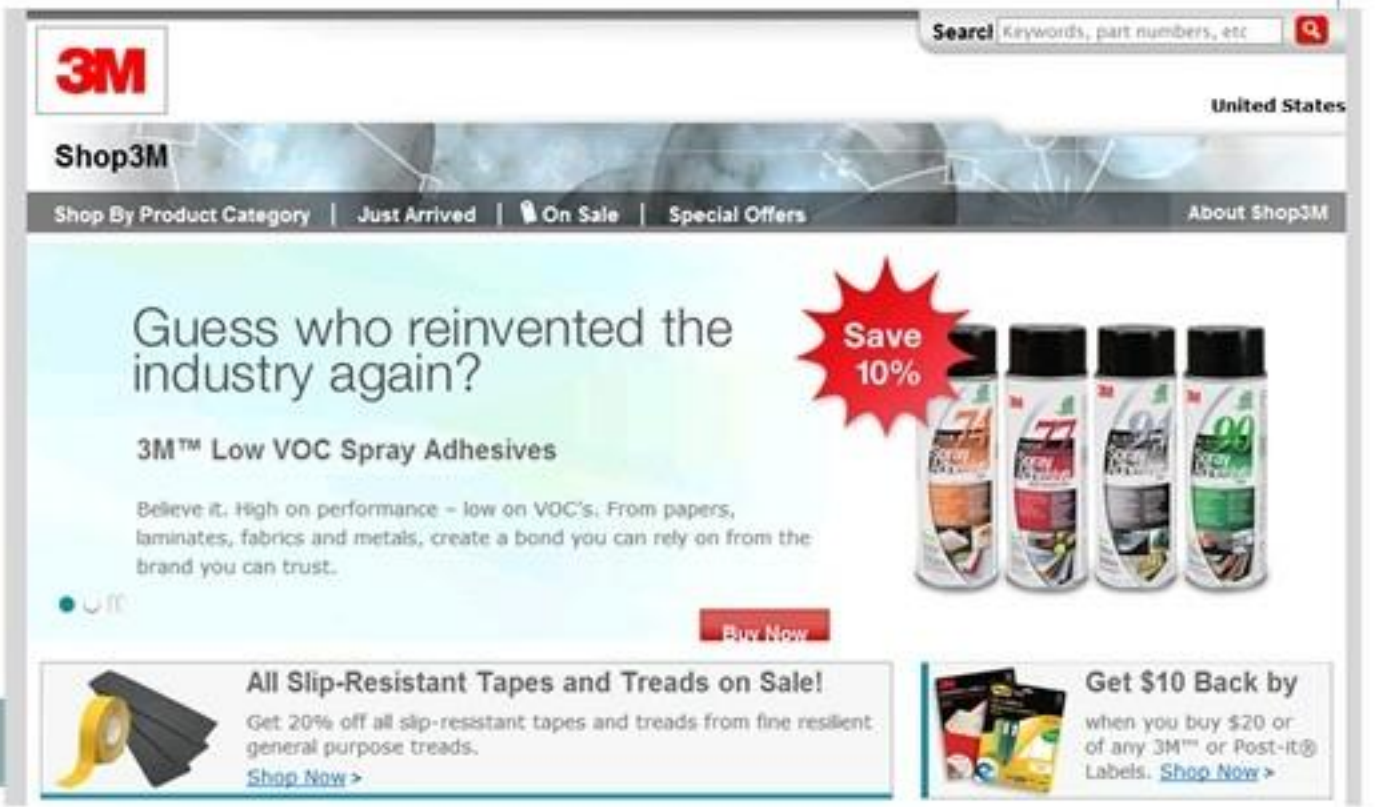
Qualities Of Core Competentcy

- No more than 5 or 6 qualities
- Harmonizing technology, and expertise
- Communication and involvement with a deep commitment to working across organizational boundaries

Identifying Core Competentcies (3 Tests)

- Provides potential access to a wide variety of markets
  - Example: Competence in displays → Access to markets in:
    - Calculators, TV sets, electronic monitors, automobile dashboards
- Makes a significant contribution to the perceived customer benefits of the end product
- Difficult for competitors to imitate

Competence→ Adhesives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Benefits Of Core Competentcy

- Basis for global leadership
- Source of competitive advantage
  - Consolidate corporate wide technologies and production skills
- Foundation to respond quickly to emerging markets
- Ability to invent new markets and deliver customer value

From Core Competentcy to Core Product

Core Competency

- Collective Learning
- Management Theory Concept
- Allows access to wide market
- Communication and involvement

Core Product

- Products closely related to core competencies
- Integrated into end products
- Major products manufactured by the company

Manufacturing Share vs. Brand Share

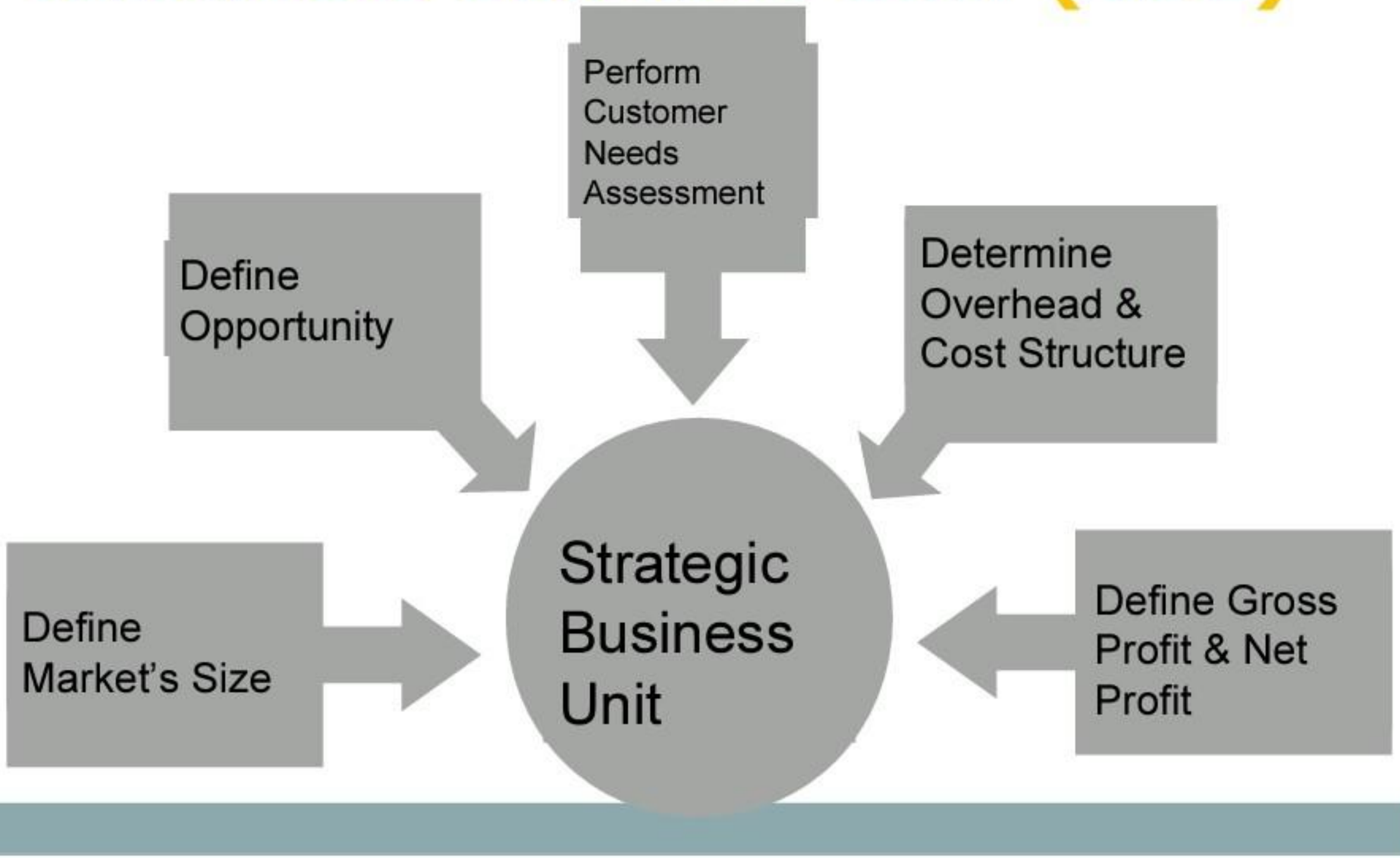
- World Manufacturing Share
  - Percentage of total world production of a specific core product

- Brand Share
  - Percentage of total world production, of a specific core product, sold within a single brand

Canon

Imaging across networks

From Core Competentce to Strategic Business Unit (SBU)



What is Dynamic capabilities?

Dynamic

the capacity to renew competences

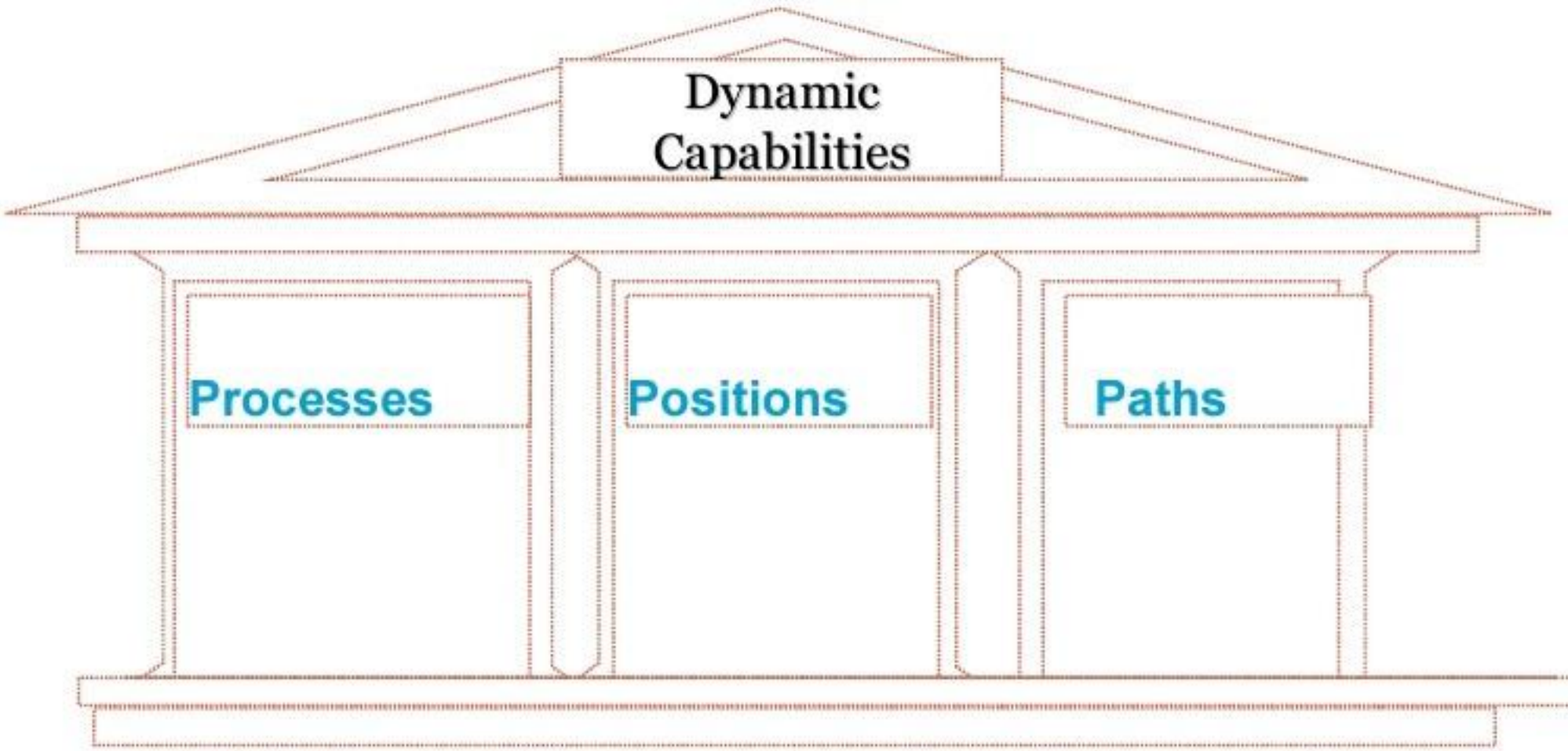
Capabilities

the key role of strategic management to match the requirements of a changing environment.

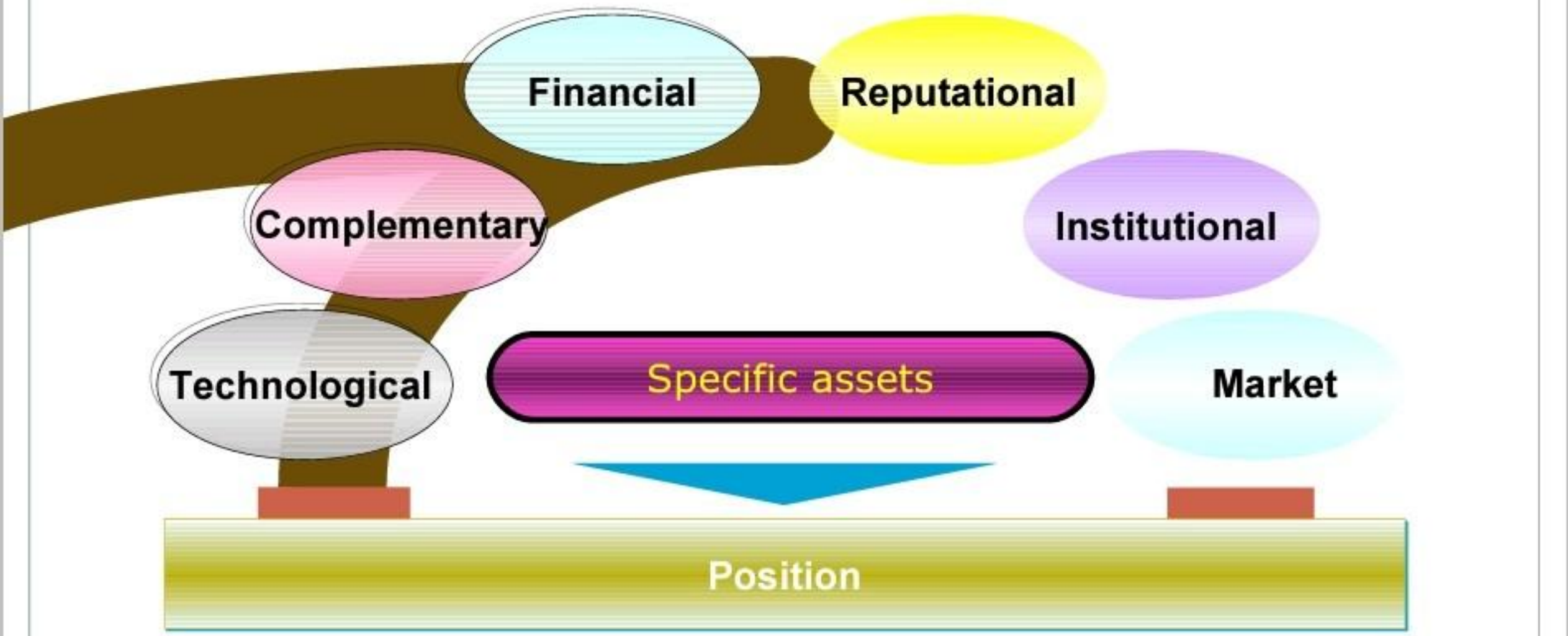
What is Dynamic capabilities? (continue)

- Dynamic capabilities is the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environment.

The essence of Dynamic capabilities



Position


Financial
Reputational
Complementary
Institutional
Technological
Specific assets
Market
Position